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STANDING COMMITTEE ON FINANCE
(2015-16)

SIXTEENTH LOK SABHA

MINISTRY OF CORPORATE AFFAIRS

DEMANDS FOR GRANTS
(2016-17)

THIRTY-SECOND REPORT

LOK SABHA SECRETARIAT
NEW DELHI

April, 2016 / Vaisakha, 1938 (Saka)

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(SIXTEENTH LOK SABHA)

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(2016-17)

Presented to Lok Sabha on 28 April, 2016

Laid in Rajya Sabha on 28 April, 2016

LOK SABHA SECRETARIAT
NEW DELHI

April, 2016 / Vaisakha, 1938 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2015-16

Dr. M. Veerappa Moily - Chairperson

MEMBERS

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Venkatesh Babu T.G.
4. Shri Sudip Bandyopadhyay
5. Shri Nishikant Dubey
6. Shri P.C. Gaddigoudar
7. Dr. Gopalakrishnan C.
8. Shri Shyama Charan Gupta
9. Shri Chandrakant B. Khaire
10. Shri Rattan Lal Kataria
11. Shri Bhartruhari Mahtab
12. Shri Prem Das Rai
13. Shri Rayapati Sambasiva Rao
14. Prof. Saugata Roy
15. Shri Jyotiraditya M. Scindia
16. Shri Gajendra Singh Sekhawat
17. Shri Gopal Shetty
18. Shri Anil Shirole
19. Shri Shivkumar Udasi
20. Dr. Kiritbhai Solanki
21. Dr. Kirit Somaiya

RAJYA SABHA

22. Shri Naresh Agrawal
23. Vacant*
24. Shri A. Navaneethakrishnan
25. Shri Satish Chandra Misra
26. Dr. Mahendra Prasad
27. Vacant**
28. Shri C.M. Ramesh
29. Shri Ajay Sancheti
30. Shri Digvijaya Singh
31. Dr. Manmohan Singh

SECRETARIAT

1.	Smt. Abha Singh Yaduvanshi	-	Joint Secretary
2.	Shri P.C. Tripathy	-	Director
3.	Shri Ramkumar Suryanarayanan	-	Additional Director
4.	Shri Kulvinder Singh	-	Committee Officer

* Vacancy caused due to retirement of Shri K.N. Balagopal, MP from Rajya Sabha w.e.f. 2.4.2016
** Vacancy caused due to retirement of Shri Naresh Gujral, MP from Rajya Sabha w.e.f. 9.4.2016

INTRODUCTION

I, the Chairperson of the Committee on Finance, having been authorised by the Committee, present this Thirty-second Report (Sixteenth Lok Sabha) on 'Demands for Grants (2016-17)' of the Ministry of Corporate Affairs.

2. The Demands for Grants (2016-17) of the Ministry of Corporate Affairs were laid on the Table of the House on 11 March, 2016 under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee took oral evidence of the representatives of the Ministry of Corporate Affairs on 30 March, 2016. The Committee wish to express their thanks to the representatives of the Ministry of Corporate Affairs for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2016-17).

4. The Committee considered and adopted this Report at their Sitting held on 26 April, 2016.

5. For facility of reference, the Observations / Recommendations of the Committee have been printed in bold at the end of the Report.

New Delhi;
26 April, 2016
06 Vaisakha, 1938 (Saka)

DR. M. VEERAPPA MOILY,
Chairperson,
Standing Committee on Finance

REPORT

PART- I

INTRODUCTORY

1. The mandate of the Ministry of Corporate Affairs includes, *inter alia* the administration of a wide range of statutes for the regulation of the corporate sector. There are:

(i) The Companies Act, 2013 and those provisions of Companies Act, 1956 which are still in force

(ii) The Competition Act, 2002

(iii) The Limited Liability Partnership (LLP) Act, 2008

(iv) The Chartered Accountants Act, 1949 (v) The Cost and Works Accountants Act, 1959

(vi) The Company Secretaries Act, 1980

(vii) The Partnership Act, 1932

(viii) The Societies Registration Act, 1860

(ix) The Companies (Donations to National Funds) Act, 1951

2. Demand No. 18 pertaining to the Ministry of Corporate Affairs for the year 2016-17 amounts to Rs. 344.43 crore, out of which Rs. 314.43 crore is under the Revenue Expenditure and Rs. 30.00 crore is under the Capital Expenditure. The entire allocation is voted.

3. A summary of Demands for Grants of the Ministry of Corporate Affairs for the last three years – Plan & Non-Plan is as under:-

(₹ in crore)

Year	Budget Estimates			Revised Estimates			Actual Expenditure			(-)Savings (+) Excess		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2013-14	34.00	221.28	255.28	21.00	212.36	233.36	20.38	208.84	229.22	- 13.62	- 12.44	- 26.06
2014-15	24.00	231.25	255.25	23.00	228.92	251.92	17.93	208.30	226.23	-6.10	-22.95	-29.02
2015-16	24.00	247.88	271.88	20.00	391.53	411.53	13.60	198.82	212.42*			

*** Expenditure as on 31.01.2016**

3. The grants of the Ministry of Corporate Affairs in Demand No.18 provide for expenditure on the Secretariat of the Ministry of Corporate Affairs and subordinate formations, *namely*, Office of the Directorate General of Corporate Affairs, seven offices of Regional Directorates, fifteen offices of Registrar of Companies (ROCs), nine offices of Registrar of Companies-cum-Official

Liquidators (ROC-cum-OLs), fourteen offices of Official Liquidators (OLs), three attached offices *viz*. Company Law Board (CLB), Serious Fraud Investigation Office (SFIO) and Competition Appellate Tribunal (COMPAT), Grants-in-aid-General/Grants-in-aid-Salaries and Grants for Creation of Capital Assets for the Competition Commission of India (CCI) and Grants-in-aid-General/Grants-in-aid-Salaries for the Indian Institute of Corporate Affairs. In addition, these grants will also cater to the requirements of new institutional structures, *viz*. the National Company Law Tribunal (NCLT), the National Company Law Appellate Tribunal (NCLAT),National Financial Reporting Authority (NFRA), the National Financial Reporting Appellate Authority (NFRAA), the Special Courts and the Investor Education & Protection Fund (IEPF) Authority that are in the process of being set up in pursuance of the Companies Act, 2013.

4. The Ministry, at present, administers two Plan Scheme, viz. Indian institute of corporate Affairs and Corporate Data Management. Scheme-wise details are:

(i) Under the on-going Plan Scheme of Indian Institute of Corporate Affairs an amount of ₹10.00 crore as per the details given below has been allocated for the Financial Year 2016-17, as Grants-in-aid to the Institute (IICA) -

(₹ in crore)

Object Head	Budget Estimate
Grant-in-aid-General	**7.00**
Grant-in-aid-Salaries	**3.00**

No allocation has been made under Capital Head.

(ii) A new Plan Scheme - Corporate Data Management (CDM) – spread over two years (2015-16 and 2016-17), has been introduced by the Ministry with budgetary allocation of ₹5.00 crore in financial year 2015-16 and ₹10.00 crore in financial year 2016-17 respectively. The Scheme has been framed to undertake preparation of statistical reports to support policy inputs and research. Out of the allocated amount of ₹ 10.00 crore an amount of ₹ 8.00 crore has been provided under the Revenue Section and Rs. 2.00 crore for meeting the expenditure towards Data Mining System (DMS) under the Capital Section.

5. **Plan Expenditure (Ongoing Plan Scheme)**

6. For the XII Plan period the erstwhile Planning Commission has allocated ₹110.00 crore under the Plan Scheme “Indian Institute of Corporate Affairs (IICA)” (₹90.00 crore for Revenue expenditure and ₹20.00 crore for Capital expenditure). The year-wise details of allocation and utilisation are given below:

(i) For the financial year 2013-14, an amount of ₹34.00 crore (₹10.62 crore under Capital and ₹23.38 crore under Revenue Heads) was allocated which was reduced to ₹21.00 crore (₹2.77 crore under Capital and ₹18.23 crore under Revenue Heads) atthe R.E. stage. Against the allocation of ₹2.77 crore under Major Works object of Head of Account, ₹2.16 was utilized, and the balance amount of ₹0.61 crore was surrendered. The entire revised allocation of ₹18.23 crore under Revenue Head was fully utilised by releasing as Grant-in-aid to the IICA.

(ii) For the financial year 2014-15, an amount of ₹24.00 crore (₹1.24 crore under Capital and ₹22.76 crore under Revenue Heads) was allocated at BE stage, which was reduced to₹23.00 crore (₹1.24 crore under Capital and ₹21.76 crore under Revenue Heads) at the RE stage. Out of the revised allocation of ₹21.76 crore under Revenue expenditure, an amount of ₹16.69 crore was utilized and the remaining amount of ₹6.07 crore was surrendered. The entire Capital allocation was fully utilized.

(iii) For the financial year 2015-16, an amount of ₹19.00 crore (₹0.10 crore under Capital and ₹18.90 crore under Revenue Heads) was allocated at the BE stage, which was reduced to ₹15.00 crore (₹0.10 crore under Capital and ₹14.90 crore under Revenue Heads) at RE stage. As on 31.01.2016, an amount of ₹11.50 crore has been utilized.

New Plan Scheme

7. Corporate Data Management (CDM) has been introduced as a new Central Sector Plan Scheme of the Ministry with a Gross Budgetary Support (GBS) of ₹5.00 crore for the year 2015-16. This provision has been bifurcated into two parts – i) ₹4.00 crore under Revenue Head (to for hiring of professionals with domain knowledge for mining and analytics, capacity building of MCA officers), and ii)₹1.00 crore under Capital Head (to for procurement of requisite hardware & software).Out of this allocation, an amount of ₹2.10 crore has been utilized as on 31.01.2016.

Non-Plan Expenditure

8. The detail of funds allocated and utilized during the last three years item-wise (giving budgetary estimates, revised estimates, actual expenditure) under

Non-Plan, in respect of various activities/schemes of this Ministry during the last three years are as follows:-

1. Salaries:

(₹ in crore)

Year	Budget Estimates	Revised Estimates	Actual Expenditure	(-) Savings (+) Excess
2013-14	79.30	79.36	79.92	(+) 0.62
2014-15	87.00	85.09	84.37	(-) 2.63
2015-16	91.04	88.44	81.08*	

*** Expenditure as on 31.01.2016**

The expenditure on salary during the Financial Year 2013-14 exceeded over the Revised Estimates due to payment of arrears on promotion of ICLS Officers in different field offices of the Ministry and payment of some outstanding bills on account of leave encashment, LTC etc. As regards the saving, during the year 2014-15,it occurred due to non-filling of various categories of vacant posts in the Subordinate and Attached offices of the Ministry.

2. Office Expenses: Allocations and Utilizations

(₹ in crore)

Years	Budget Estimates	Revised Estimates	Actual Expenditure	(-) Savings (+) Excess
2013-14	12.96	15.44	15.89	(+) 2.93
2014-15	17.10	17.60	15.86	(-) 1.24
2015-16	15.15	20.04	12.89*	

*** Expenditure as on 31.01.2016.**

During the year 2013-14, excess expenditure was incurred under the "Office Expenses" Head for meeting the committed liabilities of the offices of Regional Directors, Registrar of Companies and Official Liquidators at different locations in the country caused by provision of necessary infrastructure for smooth functioning of the organizations including Headquarters. In addition, funds were re-appropriated to the Office of the SFIO to meet the committed liabilities during the year 2013-14. As regards the savings during financial year 2014-15, it occurred due to implementation of the austerity measures and economy in expenditure prescribed by the Ministry of Finance.

3. Rents, Rates & Taxes:

(₹ in crore)

Year	Budget Estimates	Revised Estimates	Actual Expenditure	(-) Savings (+) Excess
2013-14	5.46	4.54	3.90	(-) 1.56
2014-15	5.12	5.50	4.21	(-) 0.91
2015-16	5.36	6.10	3.27*	

*** Expenditure as on 31.01.2016.**

The savings under Rent, Rates & Taxes (RRTs) Head duringthe years 2013-14and 2014-15 were due to shifting of some of the field offices of this Ministry, functioning from rented buildings at various locations (like Chandigarh, Jaipur, Bangalore and Chennai),to Ministry's own office complexes. Further, savings also occurred because the funds provided for National Company Law Tribunal (NCLT)/National Company Law Appellate Tribunal (NCLAT) could not be utilized as these offices could not be operationalised during the said years on account of Court injunction.

9. On being asked about the reasons for actual expenditure being less than the RE for the years 2013-14, 2014-15 and 2015-16 the Ministry stated as under:-

IICA

"During the financial year 2013-14 the BE for the Plan Scheme on IICA was Rs. 34.00 crore, which was reduced to Rs. 21.00 crore at RE stage (Rs. 18.23 crore under Revenue Head and Rs. 2.77 crore under Capital Head). Against this, an amount of Rs. 20.39 crore was utilized and Rs. 0.61 crore was surrendered under Capital Head.

In the FY 2014-15, an amount of Rs.24.00 crore was allocated at BE stage, which was reduced to Rs.23.00 crore (Rs.21.76 crore under Revenue Head and Rs.1.24 crore under Capital Head) at RE stage. Against the revised allocation of Rs.23.00 crore, an amount of Rs.17.93 crore was utilized (Rs.16.69 crore under Revenue Head and Rs.1.24 crore under Capital Head). The balance amount of Rs.5.07 crore was surrendered under the Revenue Head due to reduced requirement of funds on pending liabilities of IICA and also due to surplus funds available in the Institute's bank account.

For the FY 2015-16, the budget provision of Rs.19.00 crore (Rs.18.90 crore under Revenue Head and Rs.0.10 crore under Capital Head) has been reduced to Rs.15.00 crore (Rs.14.90 crore under Revenue head and Rs.0.10 crore under Capital Head) at RE stage. A reduction of Rs.4.00 crore has been made by Ministry of Finance at the RE stage.

Out of total Plan Outlay (RE) of Rs.20.00 crore for the Ministry for the year 2015-16, actual expenditure is estimated to be Rs.19.46 crore. An amount of Rs.0.54 crore is proposed to be surrendered."

10. Year-wise details of BE, RE, Actual Expenditure and the reasons for under utilization of funds during the years 2013-14 & 2014-15 are given below:

(A) (Rs. in crore)

FY	BE	RE	Actual Expenditure	(-) Saving with reference to BE
2013-14	221.28	212.36	208.84	-12.44

The savings occurred mainly in the following heads:

Salaries – (Rs.0.72 crore) The saving was due to non-filling up of vacant posts in the Headquarters and field offices.

Wages – (Rs.1.17 crore) The saving was on account of minimum outsourcing of manpower and services through firms only in the cases where it was absolutely necessary.

Investors Education Protection Fund – (Rs.0.50 crore) The saving was due to receipt of less claims towards Investor awareness programmes.

Rent, Rates & Taxes – (Rs.1.01 crore) The saving was due to shifting of some of RoC offices (like, Chandigarh, Jaipur, Bangalore & Chennai) housed in rented accommodation to Ministry's own buildings in the respective regions.

(B)

FY	BE	RE	Actual Expenditure	(-) Saving with reference to BE
2014-15	231.25	228.92	208.30	-22.95

The savings occurred mainly in the following heads:

Salaries – (Rs.0.93 crore) The saving was due to non-filling up of vacant posts in the Headquarters and field offices.

Rent, Rates & Taxes – (Rs.0.45 crore) The saving was due to non-finalisation of setting up of RoC offices in Uttarakhand and Himachal Pradesh. Rent revision of RD (NR) could not be finalized and shifting of RD (NER) could not materialize during this period.

Major Works – (Rs.5.04 crore) The saving was due to non-receipt of bills from the NBCC for constructions of Corporate Bhawan at Hyderabad.

Information Technology – Quarterly payment due to the service provider (Infosys) is fixed at Rs.8.61 crore. Out of this, 60% amount is paid as a fixed amount and the balance 40% is released subject to achievement of milestones by the service provider during each quarter. Due to non-compliance of deliverables under Service Legal Agreement (SLA) by M/s. Infosys, Rs.14.00 crore was deducted during the financial year as elaborated in reply to Point No.5. In brief, Rs.22.72 crore was paid to Infosys Rs.4.90 crore to NISG (PMU) and Rs.10.30 crore remained unutilized (out of Rs.10.30 crore Rs.8.67 crore was surrendered and the remaining amount was re-appropriated).

NCLT/NCLAT – (Rs.1.96 crore) The saving was due to non-operationalization of NCLT & NCLAT as the matter was sub-judice.

11. On being asked about the sharp upward revision of BE (Non-Plan) for the year 2015-16 from Rs 247.88 crore to Rs 391.53 crore the Ministry in a written note stated as under:-

> "The BE Non-Plan for the year 2015-16 was at Rs.247.88 crore which has been enhanced to Rs.391.53 crore due to grant of additional funds to the tune of Rs.146.25 crore through Second Batch of Supplementary Demands for Grants. Out of this additionality, an amount of Rs.129.25 crore has been provided towards the first installment for acquiring office accommodation for the Competition Commission of India (CCI). The Commission is at present housed in a rented accommodation. The remaining amount of Rs.17.00 crore has been earmarked for completion of under construction Corporate Bhawans, provision of accommodation for NCLT & NCLAT and renovation of the existing office buildings."

12. When asked about the reasons for surrendering Rs. 0.61 crore out of Rs. 2.77 crore under major works object of Head of Account and also Rs. 6.07 crore out of the revised allocation of Rs. 21.76 crore, the Ministry in a written

note stated as under:-

> "During the financial year 2013-14, the budget allocated under the Capital Head of IICA was Rs.10.62 crore, which was reduced to Rs.2.77 crore at the RE stage. Against this allocation, an amount of Rs.2.16 crore was utilized and the balance amount of Rs.0.61 crore was surrendered. Some capital works of IICA are undertaken by NBCC and the release of funds is dependent upon the completion of all formalities by the NBCC. The latter includes capital works such as construction of sports facilities, provisioning of furniture, etc. and was completed by the NBCC only by last week of February, 2014. Therefore, the full amount could not be released to them. However, such spill over capital works are carried forward from year to year. Once the residual work was completed in the next financial year 2014-15 the balance budget was made available.
>
> In the FY 2014-15 against the RE of Rs.23.00 crore (Rs.21.76 crore under Revenue Head and Rs.1.24 crore under Capital Head) Rs.17.93 crore was utilized (Rs.16.69 crore under Revenue Head and Rs.1.24 crore under Capital Head) and the balance amount of Rs.5.07 crore was surrendered under the Revenue Head due to reduced requirement of funds on pending liabilities of IICA as also due to surplus funds available in the Institute's account. The Institute generated an income of Rs.4.93 crore in the financial year 2014-15 from its own resources."

4. <u>MCA 21 e-Governance Project</u>:

13. The Ministry has put in place a holistic **end-to-end e-Governance project called 'MCA21'** for compliance related services carried out in the offices of Registrar of Companies (ROCs), Regional Directorates (RDs) and MCA Headquarter at Delhi. The project has brought a Service Centric Approach in the delivery of public services and administration of the Companies Act, specifically focusing on i) starting a business, and ii) doing business. The Project has been running successfully for the last 8 years and the Ministry has been taking continuous steps for improving the Government to Business (G2B) and Government to Citizen (G2C) services. MCA21 is an e-Governance Mission Mode Project implemented with a vision to facilitate Business in India by ensuring service delivery in a user friendly, efficient and economic manner. The system has brought a fine balance between stakeholder facilitation and control, through a blend of well-defined goals and performance metrics. The allocation of funds for the project are as given below:-

(₹ in crore)

Year	Budget Estimates	Revised Estimates	Actual expenditure	(-) Savings (+) Excess

2013-14	41.00	36.80	36.78	(-) 4.22
2014-15	39.66	38.50	27.96	(-) 11.70
2015-16	37.00	31.78	10.07*	

* Expenditure as on 31.01.2016.

FY 2013-14

14. During the FY 2013-14, a budget provision of ₹41.00 crore was made ,which was reduced to ₹36.80 crore at RE stage. Out of this, an expenditure of ₹36.78 crore was incurred under the 'Modernization, Computerization and Networking' Head.

15. During this financial year, the project has started 2nd cycle of operation of MCA21 system with effect from 17th January, 2013 with new Service Provider i.e. M/s Infosys Ltd. Ministry has also entered into an agreement with National Institute for Smart Government (NISG) for establishing Program Management Unit (PMU) for MCA21 Project for a period of six and a half years w.e.f. 01.05.2013 at a cost of ₹17.23 crore to be paid in 26 Equated Quarterly Instalments (EQI). MCA21 system has been upgraded as per the requirement of Companies Act, 2013. The Ministry has also implemented facility to accept payment by pre-paid card issued by the ICICI Bank and online payment of Court Fee and Stamp duty through MCA21 System.

16. The MCA-21, an e-Governance project of the Ministry, entered its second cycle in January, 2013. This initiative has enabled the Ministry to achieve high standards of service delivery, besides providing the Government with a comprehensive National Corporate Information Database. Simultaneously, this service affords an opportunity to professionals and general public to have access to a variety of information concerning Indian companies, in many cases free of any service charges. This has brought in considerable transparency in the paradigm of corporate regulation and oversight in the country. During 2015-16 (upto 31.12.2015), there were almost 91 lakh e-filings.

FY 2014-15

17. During the FY 2014-15, a budget provision of ₹39.66 crore was made,which was reduced to ₹38.50 crore at the RE stage. Out of this, an expenditure of ₹27.96 crore was incurred under the Information Technology (MCN) head.

18. The MCA21 Project has been implemented under the Non-Plan Scheme category. The project was appraised by the Committee on Non-Plan Expenditure (CNE) and later assented to by the Cabinet Committee on Economic Affairs (CCEA) at an estimated fixed cost of ₹357.81 crore for eight and a half years starting from 17.01.2013. The entire project cost has been approved as a Non-Plan Scheme for the complete period of eight and a half years and during the current financial year Ministry has successfully rolled out LLP V2 R1. Roll out of MCA21 V2 R2 version is being taken up next.

19. During oral evidence the Committee noted that now version II of MCA 21 is currently under progress and desired to know the present status of its implementation. The Committee also noted and desired to know whether it is able to fully satisfy all the requirements stipulated under the Companies Act, 2013, the rules framed there under and also whether it is dynamic enough to meet the requirements of the market situation. In a written reply the Ministry has informed that MCA21v2 has been developed keeping the Companies Act 2013 and the rules formed there under in view and to be able to meet any other requirement which may arise from time to time. Therefore, MCA21v2 meets the requirements stipulated under the New Companies Act 2013 and the Rules framed thereunder. It is capable to meet requirements as per market situation.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

20. The allocations for undertaking the activities under the IEPF and the utilization thereof during the last three years are given below:-

(₹ in crore)

Year	Budget Estimates	Revised Estimates	Actual Expenditure	(-) Savings (+) Excess
2013-14	5.00	4.50	4.38	(-) 0.62
2014-15	3.00	3.00	2.84	(-) 0.16
2015-16	4.50	4.50	3.46*	

*** Expenditure as on 31.01.2016.**

21. The Companies Act, 1956 provides for establishment of the Investor Education and Protection Fund (IEPF) under Section 205C for promoting investor awareness and protecting their interests.

22. The Ministry organizes Investor Awareness Programmes (IAPs) with the objective of creating awareness amongst the investors about fraudulent

schemes and facilitating informed investment decisions. The IAPs are organised in association with the three Professional Institutes, *namely*, Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost Accountants of India (ICoAI). Targeting investors in smaller cities and towns during the last three years i.e. 2013-14, 2014-15 and 2015-16 (upto 31.01.2016), 6209 such programmes have been organized as under:-

Year	ICAI	ICSI	ICOAI	Total
2013-2014	1402	1014	421	2897
2014-2015	805	570	193	1568
2015-2016	1543	208	53	1804
Grand Total	3750	1792	667	6209

23. Besides, the Investor Awareness Programmes (IAPs) are also organized in the rural areas through Common Service Centres (CSCs) set up under the Department of Electronics and Information Technology. The details of programmes conducted through CSCs in rural areas are as under:-

Year	No. of Programmes
2013-2014	60
2014-2015	128
2015-2016	98
Total	286

IEPF Authority

24. The Section 125 (5) of the Companies Act, 2013, provides for constitution of an Investor Education and Protection Fund (IEPF) Authority under the Chairmanship of the Secretary, Ministry of Corporate Affairs for *inter-alia* refunding money to investors in respect of unclaimed dividends, matured deposits, debentures etc. The provision for refund of unclaimed dividends beyond a period of seven years to claimants is a new provision in the Companies Act, 2013, as such refund was not allowed under the Companies Act, 1956. This fund now amounts to over ₹1273.66 crore as on 26.02.2016 and is lying in the Consolidated Fund of India. The IEPF Authority which will initiate his process of the refund from the first quarter of the fiscal year 2016-17 which is presently under notification.

25. To make IEPF Authority functional during financial year 2016-17, an amount of ₹30.00 crore has been allotted for the IEPF Authority for the purpose of carrying out refunds to investors in the BE 2016-17. In addition, an amount of ₹7.50 crore has been allotted in the BE 2016-17 for the Establishment Expenditure of the Authority.

27. Section 205C of the Companies Act, 1956 provides for Establishment of Investor Education and Protection Fund (IEPF) for promotion of Investor Awareness and Protection of interests of Investors. The amounts which remains unclaimed/unpaid for seven years are transferred to IEPF. A total amount of Rs.1273.66 crore (approx.) has been transferred to IEPF (from 2001-02 to 26.02.2016). There was no provision under the Companies Act, 1956 for refund of these amounts to the investors after transfer to the Fund. Section 125 (3) of the new Companies Act, 2013 provides for refund of unpaid and unclaimed amount transferred to IEPF after seven years by IEPF Authority.

28. During oral evidence the Committee desired to know that the period of 7 years prescribed for preferring claims before the IEPF Authority, needs to be explained.

29. The Ministry in their written reply stated as below:

> "As per the provisions of the Companies Act, 1956 unpaid dividends, deposits, debentures etc. if not claimed for 7 years get transferred to the Investor Education Protection Fund. Hence, it follows that before the expiry of 7 years the investors can claim his dues from the company. The amount deposited by the companies under the IEPF head is transferred to the Consolidated Fund of India. In the 1956 Act there was no provision for refund of claims to the investors once the amount was deposited in the IEPF.
>
> Section 125(5) of Companies Act, 2013 provides for the establishment of a new Authority called the Investor Education Protection Fund Authority which will, inter alia, process refund of amounts transferred to the Investor Education Protection Fund in respect of such claims.

30. When asked as to whether Rs 30 crore amount allocated for 2016-17 will be disbursed and the mechanism devised by the Ministry, in this regard, the Ministry in their written reply stated as under:

> As the refund of the amounts lying in the Investor Education Protection Fund is a new provision in the Companies Act, 2013, a new budgetary head with an initial allocation of Rs.30 crore has been opened in the BE of 2016-17 for the purpose of refund to investors. Depending upon the number of claims received for refund, the revised budgetary allocation will be requested at the RE stage. Such budgetary allocation for refund of investors' money lying in IEPF will form a part of annual budgetary allocation of the Ministry, depending upon the number of pending claims.
>
> It is proposed to invite claims for refund from investors during the FY 2016-17 and after verification of entitlement and amount, the process of refund will be initiated in the current FY 2016-17. It is proposed to make the Investor Education Protection Fund Authority functional by the end of

1st half of 2016-17. "

INVESTOR AWARENESS PROGRAMMES (IAPs)

31. When pointed out by the Committee that in the year 2013-14 as many as 2897 Investor Awareness Programmes (IAPs) were organised and the corresponding figure for the year 2014-15 and 2015-16 is 1568 and 1804 and the reasons for organising fewer IAPs in 2014-15 as compared to the year 2013-14, the Ministry in their written reply, stated that it runs IAPs in partnership with the three Professional Institutes namely, Institute of Chartered Accountants of India, Institute of Company Secretaries of India and Institute of Cost Accountants of India, specifically targeting investors in smaller cities and towns. In addition to it, the IAPs in rural areas are conducted through Common Service Centers (CSCs) set up under Department of Electronics and Information Technology, wherein 286 such programmes have been organized during last three years. The reason for organizing fewer Investor Awareness Programmes (IAPs) during 2014-15 is corresponding less budgetary support of Rs.3.00 crore available during the said year (2014-15) as compared to the higher budgetary support of Rs.4.50 crore available during 2013-14. For the year 2015-16, 1990 IAPs have already been conducted till February 2016. The reason being increase in the budgetary support i.e. Rs.4.50 crore for the year 2015-16. The total number of IAPs during 2015-16 are likely to further increase by the end of current financial year.

32. During oral evidence the Committee desired to know that the Investor Awareness Programmes are organised in how many languages and whether such programmes are also attended by the Members of Parliament of that constituency. In reply the Ministry in a written note submitted that In the financial year 2015-16 a total of 2291 Investor Awareness Programmes (IAPs) have been held in various States and UTs of the country as follows:-

Name(s)	No. of IAPs
Institute of Chartered Accountants of India (ICAI)	1521
Institute of Company Secretaries of India (ICSI)	226
Institute of Cost Accountants of India (ICoAI)	100
Common Service Centre e-Governance Services India Limited (CSC) under Ministry of Communication & IT (Department of Electronics and Information Technology)	444
Total	**2291**

33. These programmes are conducted in Hindi, English and other vernacular languages, depending upon the target audience. As per the guidelines, the financial limit per programme conducted by the Regional Councils and Chapters of the 3 Professional Institutes is Rs.35,000/-. The desired number of participants has been fixed at 100. Besides this, the 3 Professional Institutes also conduct these programmes through their Resource Persons for which the upper limit of financial grant is Rs.7,000/- for North Eastern States and Rs.5,000/- per programme for rest of the country. The desired number of participants in these programmes is 50. As far as programmes conducted by Common Service Centre e-Governance Services India Limited under Ministry of Communication & IT (Department of Electronics and Information Technology) is concerned, in financial year 2015-16, it conducted 444 IAPs, all at village levels in different states of the country in local languages. The desired number of participants for such village level programmes has been fixed as 30. The Ministry is separately writing to all the 4 implementing agencies to provide, as far as possible, intimation of holding such IAPs to the local Panchayati Raj Institutions as well as to the MPs and MLAs of the area.

COMPETITION COMMISSION OF INDIA (CCI)

34. The Competition Commission of India (CCI) is a Statutory Body created by an Act of Parliament, 'The Competition Act, 2002' was subsequently amended by the Competition Act, (Amendment) 2007. The mandate of the Commission is to discharge the following objectives:

- To prevent practices having adverse effect on competition
- To promote and sustain Competition markets
- To protect the interests of the Consumers
- To ensure freedom of trade

35. The Commission, in pursuance of its objectives, endeavors to do the following:-

- Make the markets work for the benefit and welfare of consumers
- Ensure fair and healthy competition in economic activities in the country for faster and inclusive growth and development of economy
- Implement competition policies with an aim to effectuate the most efficient utilization of economic resources.

- Develop and nurture effective relations and interactions with sectoral regulators to ensure smooth alignment of sectoral regulatory laws in tandem with the competition law
- Effectively carry out competition advocacy and spread the information on benefits of competition among all stakeholders to establish and nurture competition culture in Indian economy.

36. The expenses of the Commission were funded by regular budgetary support through the Ministry of Corporate Affairs from 14th October 2003 to 30th April 2009. Subsequently, as per Section 51 of the Competition Act 2002, a fund called the "Competition Fund" was constituted on 1st May 2009. This Ministry has been releasing funds for meeting the administrative expenses (office expenses and salaries, allowances).

Capital Section – Major Works (Non-Plan)

Year-wise allocations and utilization:

(₹ in crore)

Year	Budget Estimates	Revised Estimates	Actual Expenditure	(-)Savings (+) Excess
2013-14	19.30	17.34	16.93	(-) 2.37
2014-15	22.50	19.00	17.17	(-) 5.33
2015-16	28.00	45.00	30.12*	

*** Expenditure as on 31.01.2016.**

FY 2013-14

37. The BE for the Financial year 2013-14 was ₹19.30 crore. However, after a mandatory cut of 10%, the amount was reduced to ₹17.34 crore, which was retained at the RE stage. Out of this allocation, an amount of ₹16.93 crore was utilized, on (i) Additional finishing work at the premises of Company Law Board, Kolkata, (ii) Renovation (Civil and Electrical works) of the premises of RoC, Gwalior, (iii) Renovation of the office of the Official Liquidator at Lok Nayak Bhawan, New Delhi, (iv) Payment of 50% of the cost of the plot purchased at Ahmedabad for R.D. (NWR), (v) Bank Guarantee to the Department of Fire Service, A.P in respect of Corporate Bhawan, Hyderabad, (vi) Payment to NICSI for installation of VC facilities in 9 OL offices, (vii) Renovation of the premises of PAO, Kolkata, (vii) Construction of Corporate Bhawan at Hyderabad, (viii) Renovation of the newly hired premises for RoC, Chhattisgarh at Bilaspur and (ix) Payment of ground rent towards the property purchased at Chandigarh.

FY 2014-15

38. The BE of ₹22.50 crore was reduced to ₹19.00 crore at the RE stage; out of which a sum of ₹17.17 crore was utilized, on: (i) Renovation of the premises of the Office of the Registrar of Companies, West Bengal, Kolkata, (ii) Payment to M/s Akriti Design towards the cost of 17 display boards for the Office of the Registrar of Companies, Chhattisgarh, Bilaspur, (iii) Renovation of the premises of CLB, Kolkata at 5 Esplanade Row (West), Kolkata, (iv) Payment of Service Tax to the Corporation of the City of Panaji, Goa, (v) Payment of the 2nd and final instalment(50%) of the cost of the plot purchased at Ahmedabad for R.D. (NWR) (vi) Payment to Estate Officer, Chandigarh on account of ground rent for the plot allotted to MCA for construction of Corporate Bhawan, (vii) Payment to BSNL for installation of 2 Mbps leased lines for providing V.C facility to OL offices, (viii) Renovation of the Westcott Building, Kanpur, (ix) Payment to Hyderabad Metropolitan Water supply and Sewerage Board, Hyderabad for providing water and sewerage connections to Corporate Bhawan, Hyderabad and (x) Payment to M/s NBCC towards Construction of Corporate Bhawan, Hyderabad.

FY 2015-16

39. The BE of ₹28.00 crore for Financial Year 2015-16 was enhanced to₹45.00 crore by Second Batch of Supplementary Demands for Grants 2015-16. Out of which a sum of ₹32.12 crore has been has been utilizedas on 31.01.2016 on (i) Payment to M/s NBCC, New Delhi towards renovation of the space allotted to MCA at Block No.3, CGO Complex, Lodhi Road, (ii) Payment to AUDA towards interest on the cost of the plot allotted to MCA in Ahmedabad on account of payment in installments, (iii)Payments to BSNL for installation of 2 Mbps point to point leased lines to OL offices for providing VC facility, (iv) Payment to M/s NBCC towards renovation of Westcott Building, The Mall, Kanpur under the occupation of RoC, Kanpur on lease basis, (v) Payment of ground rent to Chandigarh Administration in respect of Corporate Bhawan, Chandigarh, (vi) Payment to WBHIDCO towards lease premium of Plot No.IIIF/16, New Town, Kolkata allotted to MCA, (vii) Payment of Security Deposit in respect of the space hired in Mumbai from MTNL for establishment of NCLT, Mumbai Bench, (viii) Payments to UTIITSL, Mumbai for renovation of the spaces identified for establishment of NCLT Benches in Chandigarh,

Allahabad, Mumbai, Ahmedabad, Kolkata and Guwahati. The remaining funds will be fully utilised by the end of current financial year.

(a) As on 25th January, 2016 the Competition Commission of India (CCI) has received a total of 680 cases. Out of these, 562 cases have been decided by the Commission. 49 cases are pending for investigation and 69 cases are under consideration of the Commission. 377 merger filings were received, out of which decision has been taken on 353 cases and 24 cases are pending.

(b) The sanctioned strength for the Commission (CCI) and Office of the Director General (DG, CCI) is 197 posts against which 125 are in position as on 25th January, 2016. Advertisement for recruitment of staff on deputation in respect of 33 posts in CCI was issued in September, 2015 and the selection of suitable candidates is under process. Further, the Commission has invited applications on 26th October, 2015 to fill up 30 posts in CCI on direct recruitment basis. Promotion of 6 Office Managers and 2 Assistant Directors to Assistant Director and Deputy Director respectively have been made with effect from 01.01.2016.

(c) Capacity building is an ongoing process. Knowledge and experience gained by the staff of the Commission is being gainfully used in analyzing cases.

(d) The Government has considered the matter in the light of the fact that the implementation of the Competition Act, 2002 is still in a nascent stage and its anti-competitive provisions were notified in May, 2009. In this background, an immediate formulation of National Competition Policy is not required.

(e) The Commission has been pro-active and has *suo-moto* taken cognizance of 26 cases of cartelization and one case of abuse of dominance.

(f) The Commission has professionals manning its Antitrust, Combination, Legal and Economics Divisions. In addition, it has an economist on its panel. Commission will take action to expand such engagement on a need basis and looking to the changes taking place in business practices at the national and international levels.

40. On being asked about the preparation of CCI to watch and pro-actively intervene so that the consumer is not cheated by cartelization, price parallelism and abuse of dominance specially when new business models like e-retail, m-commerce, e-commerce etc. are coming and the Government of India has more or less decided to have 100% FDI in e-commerce? Whether the Ministry keep tab on unfair increase in travel tickets by low cost airlines, which have been getting subsidies and does the Ministry have a system to watch the

graphics, how it is going up and down, every day, every week or every month.

41. In their post evidence reply, the Ministry stated as follows:

> "The objectives of Competition Act, 2002 are to prevent practices having adverse effect on competition, to promote and sustain competition and to ensure freedom of trade in markets in India while protecting the interests of the consumer. The Commission is empowered to take cognizance of any anti-competitive practice in the market by way of information/reference received under Section 19 of the Competition Act, 2002. The Commission may also take suo-moto cognizance of any anti-competitive practices taking place in the market. The Commission is also equipped to deal with anti-competitive behaviour related to e-commerce.The issue of abnormal rise in airfares is currently under consideration of the Commission."

CONSTITUTION OF THE NATIONAL COMPANY LAW TRIBUNAL (NCLT)& THE NATIONAL COMPANY LAW APPELLATE TRIBUNAL:

42. The Ministry envisages setting up of Benches of NCLT in a phased manner keeping in view the recruitment of Members and staff, availability of infrastructure.

43. The funds allocated to the NCLT and NCLAT for the last two years i.e. 2013-14 and 2014-15, were not utilized and surrendered due to non-establishment of these organisations during the said years as certain provisions of the Companies Act relating to the appointment of Members of NCLT/NCLAT was subjudicce in Apex Court. The case was disposed of by Hon'ble Supreme Court, vide its Judgment dated 14.05.2015 in WP (C) 1072/2013 (Madras Bar Association V/s. Union of India). In accordance with advice received from Department of Legal Affairs, steps are being taken for establishment of the said bodies.Therefore, the budgetary allocations have been made in BE 2016-17 in view of position given below:

(a) With the disposal of litigations, this Ministry has issued notification for a ppointment of 18 Judicial Members and 10 Technical Members of National Company Law Tribunal (NCLT) and 02 Technical Members of National Company Law Appellate Tribunal (NCLAT) on 10th August, 2015 and the Selection process is underway. The process for appointment of Chairperson & Judicial Members of NCLAT and President, NCLT is also going on. This Ministry has also advertised for appointment of 1 Post of Registrar each in NCLT & NCLAT and 1 Post of Secretary in NCLT. Ministry is also taking necessary steps to provide adequate infrastructure to these bodies. Both the bodies are expected to get operationalized during the FY 2016-17.

(b) The two new establishments viz. the National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) are

expected to be set up and made functional in the Financial Year 2016-17.

Filing up the vacant posts in the Ministry and field offices

44. At present, the ICLS (Gr 'A') cadre has 210 officers in position against sanctioned strength of 292. The following steps have been taken to fill up the vacancies.

45. The Committee noted that there has been a delay in the constitution of NCLT and NCLAT and desired to know chronological details of the steps taken for establishment of NCLT/NCLAT. In reply the Ministry informed as follows:

Steps taken	Date/Month
Judgment of the Constitution Bench of the Supreme Court on setting up of NCLT/NCLAT, thereby upholding the earlier judgment of 2010, regarding constitution of the selection committee as well as qualification of the Technical Members of NCLT and NCLAT.	**14th May, 2015**
Order of the Supreme Court regarding modification of the typographical error in the judgment of 14.05.2015	**28th May, 2015**
Appointment of Judicial & Technical Members of NCLT & Technical Members of NCLAT	
Constitution of Selection Committee in consultation with Chief Justice of India	**June-July, 2015**
Meetings of Selection Committee to select candidates including having interactions with eligible candidates	**August – 20th Dec., 2015**
Receipt of recommendations of the Selection Committee	**20th Dec., 2015**
Proposal for ACC approval	**Jan. - March, 2016**
Appointment of Chairperson and Judicial Members of NCLAT and President, NCLT	
Consultation with Chief Justice of India for appointment of Chairperson & Judicial Members, NCLAT and President, NCLT	**Dec., 2015 - Feb., 2016**
Proposal for ACC approval	**Jan.- Feb, 2016**
Appointment of supporting staff	
Calling applications for appointment of support staff	**Feb.-March, 2016**
Infrastructure for setting up of NCLT/NCLAT	
Provisioning of requisite infrastructure for establishment of 12 benches of NCLT at Delhi, Mumbai, Kolkata, Chennai, Hyderabad, Bengaluru, Chandigarh, Allahabad, Ahmedabad and Guwahati.	**Infrastructure at most of the places is ready or will be readied by April, 2016 end.**

(a) The post of DGCoA in HAG grade of ICLS has been filled up for the first time by promotion on 19.10.2015.

(b) In August, 2015, 15 ICLS officers of STS grade were promoted to the Junior Administrative Grade (JAG).

(c) Promotion was given to 23 JTS officers of ICLS to STS in September, 2015 and to 22 similarly placed officers in December, 2015.

(d) In view of large number of vacancies in the ICLS cadre, it has been decided to increase intake at entry level i.e., JTS, and accordingly, 20 vacancies have been intimated to the UPSC for recruitment through Civil Services Examination, 2015 as compared to 6 vacancies in 2014 and 8 in 2013. Further, 25 vacancies have been reported to UPSC for filling up through CSE 2016.

(e) As far as Gr 'B' subordinate cadres are concerned, 116 persons are in position against sanctioned strength of 128 in Senior Technical Assistant (STA) grade, 122 persons against sanctioned strength of 231 in Junior Technical Assistant grade, and 24 persons against sanctioned strength of 30 Company Prosecutors grade. The following steps have been taken to fill up the vacancies:-

(i) Requisition for recruitment of 05 Company Prosecutors has been sent to UPSC and advertisement for same was published in newspapers in September, 2015.

(ii) SSC was requested to make available 03 dossiers of STA in lieu of 3 candidates who did not join.

(iii) Requisition for filling up posts in Direct Recruitment 62 vacancies Junior Technical Assistants (JTA) has been reported to SSC out of which 13 dossier received from SSC, Mumbai and offer of appointment issued.

(iv) 06 JTAs have been promoted as STA on 09.09.2015 by conducting DPC for the year 2014-15.

(i) <u>Director General of Corporate Affairs (DGCA)</u>

Shri B.K. Bansal has been appointed as Director General of Corporate Affairs.

<u>Serious Fraud Investigation OFFICE (SFIO)</u>

(a) Shortage of Manpower including finalization of Recruitment Rules

46. Serious Fraud Investigation Office (SFIO)'s Recruitment Rules for 28 posts were to be framed/revised. Efforts were made by the Ministry to get these RRs approved expeditiously by various authorities including UPSC so that manpower situation in SFIO could be improved.

47. As a result of the efforts, 17 other RRs are expected to be notified soon. The remaining 3 RRs are pending with the Legislative Department for Hindi Legal translations. The details of filling up are as follows:-

(b) Posts to be filled on deputation basis

48. Action to fill these posts has been initiated and an advertisement has been published in the Employment News on 20-26 Feb 2016 to fill the above posts on deputation basis. A letter has also been sent to all Ministries/Department, SEBI, RBI, Banks, etc. requesting them to give wide

publicity to these posts and forward applications of eligible and willing officers**.**

(c) Posts to be filled through Direct Recruitment

49. As per the notified RRs, the posts of Assistant Director (Capital Market) (02 posts) and Stenographer (16 posts) posts are to be filled through direct recruitment. The post of AD (CM) is Group B Gazetted. A requisition to fill up these posts through direct recruitment has been sent to the Ministry for onward submission to UPSC. As regards the post of Stenographer Grade-I, this post is Group B Non-Gazetted. A requisition to fill up these posts have been sent to SSC through Ministry.

(d) Engagement of Experts/Consultants

50. A Scheme has also been framed for engagement of Experts/Consultants for multiple disciplines such as Cyber Forensics & Data Analysis, Legal professionals proficient particularly in Criminal Law & Corporate Law, Accounting Professionals including Chartered, Cost & Management Accountants, Company Secretary and such other fields as may be necessary for expedient functioning of SFIO. These skill sets are not available in-house and also not available for deputation due to shortage of manpower within the government. Accordingly, SFIO has been able to engage 28 consultants (including 4 Consultants for Forensic Lab) under this Scheme.

(e) Empanelment of Chartered Accountant Firms

51. As many as 91 Chartered Accountants Firms have been empaneled with SFIO so that forensic audit work may be assigned to them as and when considered necessary.

(f) Completion of Investigation Cases

52. The disposal of investigation cases by SFIO has also improved. The same is evident from the following statistics:-

Year	Investigations Completed
2012-13	22
2013-14	22
2014-15	39
2015-16	39*

***upto 31st December, 2015**

53. Induction of technology has helped in expediting finalization of cases in the last two years. It is expected that by the end of the current financial year about 60 cases would be finalised.

(g) Pendency of Prosecution cases in various forums

54. The Prosecution Wing of the SFIO has been strengthened after engagement of 10 Consultants in the field of Law. During the last three years and the current financial year upto Dec. 2015), number of prosecutions filed in various designated courts are as under:-

Year	Investigations Completed
2012-13	50
2013-14	94
2014-15	86
2015-16 (upto 31st Dec., 2015)	50

55. A new methodology has been adopted since 2013-14 under which a single complaint is filed combining a number of violations which are inexplicably connected with each other.

56. The Committee pointed out that they have been consistently pulling up the SFIO. The Committee was informed that the SFIO could successfully process and complete the cadre recruitment rules which is an important investigative arm of the Ministry of Corporate Affairs. The Committee find a lot of laxity in their functioning and SFIO's track record has been rather poor in prosecuting cases and also most of their cases are falling through at prosecution stage thereby rendering their investigations infructuous. The Committee were of the view that lot of seriousness will have to be shown in the performance of these statutory functions.

57. The Committee further desired details of all cases of SIFO which are being investigated by the MCA, cases that have been closed, cases under investigation, and the cases that have been prosecuted. The Committee also desired that the details may be provided on investigation and assignments of cases by SFIO.

58. The Ministry in their post evidence reply stated as follows:-

"A list of 474 cases assigned to SFIO for investigation from October, 2003 till 31.03.2016. Out of 474 assigned cases, investigation reports in 225 cases have been completed till 31-03-2016. From the balance of 249 cases, 2 cases have been stayed by the High Courts and investigations in 10 cases have been quashed/withdrawn by the High Courts. The remaining 237 cases are under progress. In all1199 prosecution complaints have been filed till 31.03.2016 in appropriate courts/forums as per details given below :-

ICAI/ICSI	-	61
CLB	-	19
Total	-	1199

As per the provisions of the Companies Act, SFIO cannot take up cases for investigation suo-moto and cases are assigned by the Central Government. Under the Companies Act 1956, the Central government could assign cases on the basis of Report of the Registrar of Companies and references made by various judicial authorities like Supreme Court, High Courts and Company Law Board. The Companies Act 2013 has expanded the scope and the Central Government may now assign cases to SFIO in public interest as well as on the basis of request from any Department of Central and State Government, in addition to the Report of RoC and judicial references".

59. On being asked about the staffing pattern of SFIO whether it is ad-hoc in nature or regular, whether SFIO recruits the staff, steps taken to have regular staff in SFIO and whether Ministry have a time frame to dispose of the cases referred to SFIO to make its functioning better, the Ministry in their post-evidence reply informed that Recruitment Rules of 28 categories of posts under SFIO have been framed/amended. 25 categories of posts have already been notified and 03 are pending for notification with Government of India printing press. Provisions have been made in these amended RRs for 'Direct Recruitment' at the junior level across various fields viz. Banking, Corporate Law, Capital Market, Forensic Audit, Prosecutor, Assistant and Stenographer Grade-I. To ensure continuity in the cadre and availability of officials, provision for 'Promotion' in senior level posts in above mentioned fields has also been taken care of.

60. Following steps have been initiated to fill the vacant positions in SFIO:-

(a) Staff Selection Commission has been requested for 16 posts of Stenographer Grade-I.

(b) A Proposal is under consideration for approaching Union Public Service Commission under 'Single Window System' for filling up of 02 posts of Assistant Director (Capital Market).

Following vacancies have been advertised in the Employment News for filling up of the posts of Additional Director (Financial Transaction)/Joint Director (Financial Transaction), Additional Director (Capital Market)/Joint Director (Capital Market), Senior Assistant Director (Capital Market), Senior Assistant Director (Investigation), Private Secretary.

61. In addition to these steps, 04 posts in the field of Law and 02 posts in the

field of Corporate Law are encadered with Indian Legal Service and Indian Corporate Law Service respectively in SFIO to ensure availability of specialized officials.

62. In order to aid and expedite timely disposal of cases in SFIO, 28 Consultants have been engaged across various fields in SFIO. Proposal for engagement of 02 Part-Time Consultants is under consideration. Vacancies have been advertised to engage additional 15 Full-Time Consultants in SFIO is to be finalized shortly.

63. 91 CA Firms have also been empanelled with SFIO to benefit them from the field specific expertise of these firms.

MARKET RESEARCH ANALYSIS UNIT (MRAU)

64. The Ministry of Corporate Affairs had constituted a steering Committee on 28.12.2012 with a mandate to draw up a comprehensive framework for developing an Early Warning System (EWS). SFIO was entrusted with the task of setting up a dedicated data mining cell with adequate administrative set up and appropriate tools for generating Early Warning System. Accordingly, a comprehensive framework for developing EWS was submitted and IT infrastructure including forensic lab was set up with facilities of data mining. In the pilot run, data extraction process encountered certain difficulties due to data quality. These issues are likely to be addressed during implementation of version 2 of MCA 21 which is currently under progress. Hence, the EWS project has been re-activated again.

65. A steering committee has now been constituted by the Ministry of Corporate Affairs for overseeing the implementation of EWS project. The new Terms of reference have been drawn for this project. Since development of EWS is an iterative process, it is expected to show concrete results only after a year once the newly designed frame-work stabilizes.

66. Meanwhile, SFIO had put together an alternative mechanism for generating early alerts on the basis of complaints received from public, information received from banks on fraud and information available in public domain about fraudulent activities by companies.

INDIAN INSTITUTE OF CORPORATE AFFAIRS (IICA)

67. The Committee note that the Indian Institute of Corporate Affairs has been established in 2008 as a Society under the Societies Registration Act to act as a think-tank. The Institute is undertaking various courses/training programmes/workshops as per schedule and it is expected that it would generate an income of ₹7.50 crore through these courses in the financial year 2015-16.

68. To make the IICA self-sustainable, Ministry is gradually reducing the Grants-in-aid to the Institute. For the financial year 2016-17, a budget grant of ₹10.00 crore has been allocated for the Institute against the budget grant of ₹19.00 crore for the current financial year 2015-16.Therefore, the budgetary allocations have been made in BE 2016-17. During oral evidence, the Committee pointed out that income generated by IICA during financial year 2014-15 was Rs 4.93 crore and the expenditure was Rs 17.93 crore. Further in the financial year 2015-16, the income generated was Rs 7.50 crore and the expenditure was Rs 15.00 crore. The Committee, therefore, desired to know whether the IICA will become self sustaining in the financial year, 2016-17.

69. In their post evidence reply, the Ministry *inter alia* stated as under:

> "At the time of the sanction of the IICA Scheme as a Plan project in 2008, it was envisaged that the Institute should become self-supporting after 5 years of its full operation i.e. by 2016-17.....The number of activities undertaken by the Institute to fulfil its objectives has also shown an upward trend over the years. Similarly, the income generated by the Institute out of its own activities is also increasing. From a modest inflow of Rs.0.20 crore in FY 2012-13, the income of the Institute increased to Rs.0.80 crore in FY 2013-14 and to Rs.4.93 crore in FY 2014-15 and to Rs.7.50 crore (expected) in FY 2015-16. For the FY 2016-17, it is proposed to set a target of Rs.11.25 crore for the Institute as revenue generation from its own activities. The budgetary allocation from the Ministry to the Institute in FY 2016-17 i.e. in the terminal year of the 12th Five year Plan has been fixed as Rs.10 crore.....In the above background, the Institute is on the path to becoming more broad based, interconnected and self-sustaining in the near future..... While this progress is substantial, it is not likely that the Institute will be able to fully support itself out of its own resources by the end of the current FY 2016-17 and it may require some hand holding support from the government for some more time."

NATIONAL FINANCING REPORTING AUTHORITY (NFRA)

70. It is stated that National Financing Reporting Authority (NFRA) shall function as an oversight body without any jurisdictional conflict or overlap. This aspect would be addressed, when the rules governing NFRA are finalized by the Ministry.

LIMITED LIABILITY PARTNERSHIP (LLPs)

Implementation of the Damodaran Committee Report

71. The Committee found that 52,144 LLPS were registered as on 31.12.2015, of which 51,315 LLPs were active. In respect of Damodaran Committee Report, it is submitted that the recommendations of the report submitted by said Committee were examined in the Ministry and comments/observations of other Ministries were also obtained. Recommendations pertaining to the Ministry were taken up for implementation within the Ministry. However, most of the recommendations in the said report were found to be beyond the mandate of this Ministry and substantive action was in the preview of various other Ministries and the State Governments. Therefore, this Ministry had requested the Cabinet Secretariat to examine the matter to issue directions as to the role to be played by different Ministries in providing over-all ease of doing business at the level of the Central Government. In response to the above, the Cabinet Secretariat forwarded the Damodaran Committee report to the Department of Industrial Policy & Promotion (DIPP) for further action, as the subject matter of the report pertains to business allocated to DIPP.

72. Subsequent to this, this Ministry has taken a number of steps for 'ease of doing business' especially pertaining to starting a business including prescribing a flat fee for incorporation of a small company and a one person company, reducing processes involved in incorporating a company and reducing the amount of documentation by including declarations as part of the e-forms. Of note is the e-form INC-29, which combines the processes of allotment of Director Identification Number (DIN), incorporation and appointment of Directors while dispensing with the name reservation. INC-29 and INC-7, which relates to application for incorporation of company other than

OPC (One Person Company) have been modified to provide for integration on e-Biz platform to provide a single interface for incorporation, Permanent Account Number (PAN), Employees State Insurance Corporation (ESIC).

73. The Companies (Amendment) Act, 2015, includes amendments aimed at greater ease of doing business, viz. eliminating the paid-up minimum capital requirement for Private and Public Limited Companies, eliminating the requirement for filing a declaration by a company before commencement of business operations or exercising its borrowing powers, and eliminating the requirement of obtaining a common seal. These steps aimed at greater 'ease of doing business" have been taken in close coordination with DIPP.

74. A Central Registration Centre (CRC) has been established at Manesar, and is operational from 26.01.2016. With its establishment, the name availability applications are being disposed of in about a day.

75. The Companies Law Committee (CLC) submitted its report on 1st February, 2016 which was exposed to public for comments. The CLC made several recommendations which may result in amendments to about 100 provisions of the Companies Act, 2013 and 50 provisions of various Rules issued under the said Act. About 1200 suggestions were received. Further action on the matter is being taken.

76. With regard to recommendations made by the Adi Godrej Committee, it is stated that these have been considered and most of them have been incorporated in the Companies Act, 2013.

77. The Committee observed that the trend of increase in registration of more private companies and LLPs has increased as it is cumbersome and difficult to register a public limited company and the same need to be looked into by the Ministry. This trend which is not at all conducive, healthy and sound defeats the very purpose of the Company and desired a reply from the Ministry.

78. In their post evidence reply, the Ministry stated as follows-:

> "All companies whether private or public, are required to follow the same procedure of incorporation. The procedure involved in starting a business by private as well as public companies has been simplified by doing away with the minimum capital requirement and filing a declaration before commencement of business. Private companies (and

LLPs) are comprised of a small body/group of persons who may come together to conduct business and impose restrictions on transfer of its shares, and are, therefore, subjected to a less stringent compliance regime than public companies. Further, the upper limit of the number of members in a private company has been increased from 50 to 200 in the Companies Act, 2013. In view of this, private company as a vehicle has been the preferred option in the country (and other jurisdictions also)."

PART - II

OBSERVATIONS / RECOMMENDATIONS

1. The Committee note that the BE (Plan) for the year 2013-14, 2014-15 and 2015-16 in respect of the Ministry of Corporate Affairs was Rs. 34.00 crore, Rs.24.00 and Rs. 24.00 crore respectively which was revised downward to Rs. 21.00, Rs 23.00 and Rs. 20.00 crore at RE stage whereas the actual expenditure was even lower than the RE i.e. Rs.20.38 crore , Rs.17.93 and Rs. 13.60 crore only. Similarly, the BE (Non-Plan) for the year 2013-14 and 2014-15 was Rs. 221.28 and Rs.231.25 crore which was scaled down to Rs. 212.36 crore and Rs 228.92 crore and the actual expenditure was again lower than the RE i.e. Rs. 208.84 crore and Rs. 208.30 crore only. Despite the expenditure being less than the RE for three consecutive years, the Committee are constrained to note that the BE Rs. 271.88 crore for the year 2015-16 was enhanced to Rs. 411.53 crore and the actual expenditure was Rs. 212.42 crore only upto 31/01/16. The Committee further note that during the financial year 2013-14, 2014-15 and 2015-16, the BE for the plan scheme on IICA was Rs. 34.00 crore, Rs 24 crore and Rs 19.00 crore, which was reduced to Rs. 21.00 crore, Rs. 23.00 crore and Rs. 15.00 crore at RE stage and an amount of Rs. 0.61 crore and Rs. 5.07 crore during the financial year 2013-14 and 2014-15 were surrendered. Further out of total Plan outlay (RE) of Rs. 20.00 crore for the Ministry for the year 2015-16, the actual expenditure is likely to be Rs. 19.46 crore and again an amount of Rs. 0.54 crore is proposed to be surrendered. As regards savings under Non-plan expenditure, the reasons adduced by the Ministry are non-filling up of vacant posts in the Headquarters and field offices, non-receipt of bills from the construction company and shifting of some of RoC offices housed in rented accommodation to Ministry's own buildings in the respective regions. The Committee thus find that the Ministry could not utilise the allotted funds and the Ministry had to surrender the allotted amount, due to one reason or the other. The Committee while examining the Demands for Grants (2015-16) had commented upon this failure on the part of the Ministry in regard to projection of fund requirement which was quite

persistent, just as their capacity to absorb the allotted funds. The Committee had, therefore, recommended that the Ministry should exercise due diligence in the budget formulation, taking into account objectively their needs, past performance as well as their capabilities to deliver the functions assigned to them. However, even this year the Committee find that the Ministry has not taken any remedial steps and continue to make unrealistic projection of funds. The Committee would, therefore, reiterate that the Ministry should make realistic budgetary estimates which should strictly correspond to their absorptive capacity and administrative preparedness.

2. The Committee note that MCA 21 e-Governance Project put in place by the Ministry of Corporate Affairs, is stated to be running successfully for the last eight years and the Ministry has been taking continuous steps for improving the said project. In furtherance of this endeavour, the Ministry has successfully rolled out LLP V2R1 and roll out of MCA 21 V2 R2 version is being taken up next. The Committee has been further informed that the version II of the MCA e-governance is compatible with the provisions of the Companies Act, 2013 and dynamic enough to meet the current as well as future requirements of the market situations/conditions prevailing in the country. The Committee hope and trust that the version 2 of the said project would meet the industry/user expectations and grievances/complaints in this regard would be expeditiously addressed.

3. The Committee note that as per the provisions of the Companies Act, 1956 the investors could claim their dues from the companies before the expiry of seven years. Further, Section 125(5) of the Companies Act, 2013 provides for constitution of an Investor Education and Protection Fund (IEPF) Authority for refunding money to investors in respect of unclaimed dividends, matured deposits etc. beyond a period of seven years to claimants. The Companies Act, 2013 has thus cast a bigger responsibility on the Ministry for refund of money to the claimants. The corpus in this fund now amounts to over Rs. 1273.66 crore as on 26.02.2016. In order to make IEPF Authority functional, an amount of Rs

30.00 crore during financial year 2016-17 and an additional amount of Rs 7.50 crore for year 2016-17 have also been allotted. The Committee, therefore, strongly recommend that the said authority be established without further loss of time and the process of refund of money to the claimants, whether older than seven years or less than seven years, be made expeditiously and the refund process be made free from glitches. As regards organising of Investor Awareness Programmes (IAPs) the Committee note that 2897 IAPs were organised in the year 2013-14 which reduced drastically to 1568 in the year 2014-15 and marginally rose to 1804 in the year 2015-16. The reason for sudden fall in organising IAPs in the year 2014-15 is stated to be corresponding less budgetary support of Rs 3.00 crore for the year 2014-15 as compared to a higher budgetary support of Rs 4.50 crore for 2013-14. The Committee recommend that lack of budgetary provision should not be allowed to hamper the awareness campaign and programmes and sufficient budgetary provision be made for organising IAPs in future, as otherwise the very intention of the Companies Act to protect and educate the investors will be defeated. The Committee are happy to note that, at their intervention, the Ministry is separately writing to all the four implementing agencies to provide intimation of holding of IAPs to the local Panchayati Raj Institutions as well as to the MPs and MLAs of the area. The Committee desire that this advice of the Committee be followed scrupulously in letter and spirit.

4. The Committee note that the Ministry propose to set up National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT). The funds allocated to the NCLT and NCLAT for the year 2013-14 and 2014-15 could not be utilised and had to be surrendered, as certain provisions of Companies Act relating to the appointment of Members of NCLT/NCLAT were subjudice, but was later disposed of by the Supreme Court vide its judgment dated 14.05.2015. Accordingly, the Ministry has issued notification for appointment of 18 Judicial Members, 10 Technical Members of NCLT as well as 02 Technical Members of NCLAT. Further, the process for appointment of Chairperson and Judicial Members of NCLT is also in progress and infrastructure at most of the

places is ready or will be readied by April, 2016. The Ministry has thus informed the Committee that all the bottlenecks/hurdles etc. in the formation of NCLT and NCLAT have been cleared. In this regard, the Committee would like to draw the attention of the Ministry towards their 25th Report regarding action taken by the Government on the recommendations contained in the 13th Report (Demands For Grants 2015-16) presented to the House on 03.12.2015 in which the Committee had recommended for early constitution of NCLT/NCLAT. The Committee, thus while reiterating their earlier recommendation, strongly recommend that the process be brought to its logical conclusion without further loss of time.

5. The Committee note that Recruitment Rules (RRs) of 28 categories of posts under SFIO have been framed/amended and 25 categories of posts have been notified and 03 are pending for notification with Government As regards the RRs, the Committee *vide* their 25th Report regarding Action taken by the Government on the recommendations contained in Thirteenth Report on Demands for Grants (2015-16) presented to the House on 03.12.2015 had *inter-alia* recommended that the said RRs should be finalised not later than one month of presentation of the Report i.e. by 03.01.2016. The Committee are satisfied that the RRs have been approved finally after long delay. The Committee expect that this process will now lead to a permanent specialised cadre for SFIO with positive outcomes for its overall performance. This will enable the SFIO to recruit competent personnel for its investigative and prosecution functions fully dedicated with a feeling of belongingness to the organisation instead of relying on contractual employees or consultants.

As regards disposal of pending cases, the Committee in the afore-mentioned Report had recommended that SFIO should initiate proactive steps to follow up and expedite pending cases under intimation to the Committee; but a perusal of the information provided to the Committee has revealed that out of 474 cases assigned to SFIO from the year 2003-04, investigation in respect of only 225 cases could be completed. The Committee are perturbed about such laxity in the functioning and the

dismal rate of disposal of cases by SFIO, an important investigative arm of the Ministry. The Committee would, therefore, once again observe that a lot of seriousness needs to be shown in the performance of the statutory functions by SFIO. They also suggest that there should be extensive use of technology for analysis of data received, computerized forensic lab should be established at SFIO with all systemic gadgets which can be effectively applied during the course of investigation and prosecution for result oriented disposal of cases The Committee hope that necessary corrective action on this count will be taken by the Ministry and they would be apprised accordingly.

6. The Committee observe that more and more private limited and limited liability partnerships (LLPs) are being registered as compared to public limited companies. Such a trend, in the view of the Committee, is not very healthy for the growth of the corporate sector. As many as 52,144 LLPS were registered as on 31.12.2015, of which only 51,315 LLPs were active. In this connection, the Committee vide their 13th Report regarding Demands for Grants (2015-16) had observed that there has been a steep increase in the number of private limited companies and LLPs, presumably due to the detailed and cumbersome procedures and rules framed under the Companies Act, 2013 and had urged the Ministry to undertake a study on such a trend. As the Ministry has not pursued this matter, the Committee would once again stress that the Ministry should examine this issue with a view to simplifying and rationalising the related Rules and procedures under the Act.

7. The Committee note that the Ministry of Corporate Affairs had constituted a steering Committee about four years ago for developing an early warning system (EWS) and SFIO was entrusted with the task of setting up a dedicated data mining cell with adequate administrative set up and appropriate tools for generating EWS. Accordingly, a comprehensive framework for developing EWS was submitted and IT infrastructure etc. was also stated to have been set up. However, in the pilot run itself, the project hit the roadblock and according to the Ministry, the issues are likely to be addressed during implementation of version 2

of MCA 21 project. At present, another steering Committee has been constituted by the Ministry of Corporate Affairs for overseeing the implementation of EWS project. The Ministry have now again been drawing up new terms of reference. The Committee thus find that after lapse of four years and even after constitution of two steering Committees on the subject, the Ministry has failed to develop a foolproof Early Warning System (EWS). The Committee are constrained to note trial and error approach of SFIO in formulating modules/systems for prediction detection and prevention of frauds. They would like to be apprised of the outcome of the efforts of the Ministry in implementation of the mechanism to detect fraud at an early date through Market Research Analysis Unit (MRAU). The Committee, while deprecating the laxity on the part of the Ministry, recommend that a coherent and efficacious fraud prediction/prevention framework be developed within a period of one month and the Committee be apprised about the progress in the matter.

8. The Committee in their earlier Report had recommended that the Ministry in consultation with Competition Commission of India should come out with a National Competition Policy. The Ministry in their reply submitted that the role, duties and authority of the Competition Regulator i.e. CCI, are specified in the Act. The CCI is empowered to examine anti-competitive conduct not only within India but also on acts taking place outside India but having effect on competition in India, with the mandate to, inter alia, prohibit and punish anti-competitive agreements, abuse of dominance and regulation of mergers and amalgamations of enterprises. In this regard, the Committee during evidence took up the case of airlines charging exorbitant fares during the recent agitation in Haryana and also from passengers reserving their seats at the eleventh hour. The Committee are surprised that the CCI, which is empowered to examine anti-competitive conduct not only in India but also on acts taking place outside India, watched silently and only now on being pointed CCI has woken up and have informed that the issue of abnormal rise in airfare is currently under consideration of the Commission. The Committee desire that they be apprised of the outcome thereof in the instant case at the

earliest. The Committee would also like to be apprised of the efforts of the Ministry in a system which can proactively intervene in cases of cartelisation, price parallelism and abuse of dominance especially when new business models like e-rail, e-commerce and m-commerce will come. They also desire to know the preparation of CCI as a watchdog to intervene where Government of India have/will allow 100 percent FDI in e-commerce in the interest of consumers. Regarding the pending cases in Competition Commission of India, the Committee note that 680 cases were received by the Commission out of which 562 have been decided, 49 are pending and 69 cases are stated to be under consideration of the Commission. Further, 377 merger filings were received, out of which decision in 353 cases could only be taken. The Committee would like to be apprised of the steps the Commission has taken so far to bring the pending cases to their logical conclusion. The Committee also desire a similar appraisal in case of 24 merger filing cases.

The Committee find that out of 197 sanctioned posts in the commission, only 125 are in position and the recruitment of staff on deputation in respect of 33 posts in CCI is under process. The Committee recommend that the vacant posts in the Commission should be filled up at the earliest and they be apprised accordingly.

9. The Committee note that the Indian Institute of Corporate Affairs has been established in 2008 as a Society under the Societies Registration Act to act as a think-tank. To make IICA self sustainable, grants-in-aid to the Institute is being gradually reduced, the budget grant of the Institute has been reduced from Rs. 19.00 crore in the financial year 2015-16 to Rs. 10.00 crore during the financial year 2016-17. Income generated by the IICA was Rs. 4.93 crore and Rs. 7.50 crore in the year 2014-15 and 2015-16 respectively, whereas the expenditure of the Institute was to the tune of Rs. 17.93 crore and Rs. 15.00 crore. At the time of the sanction of IICA Scheme, it was envisaged that the Institute should become self-supporting/self sustained by 2016-17. However, the Committee, taking into account the current expenditure incurred and income generated by the IICA, express serious doubt whether the

Institute will become self sustaining in the current financial year i.e. 2016-17. Even the Ministry has been candid enough to mention that it is not likely that the Institute will be able to fully support itself out of its own resources by the end of 2016-17 and it may require hand holding support from the government for some more time. The Committee desire to see the withdrawal of this support by the government before long. The Ministry in their post evidence reply have assured the Committee that a number of activities are undertaken by the Institute to fulfill its objectives and they have also shown an upward trend over the years. The Committee hope and trust that the Institute will become self-sustaining in the near future. The Committee urge the Institute to probe alternate avenues of revenue/earning such as corporate consultancy and should publicise their knowledge bank/expertise in the field. The Committee would also expect the IICA to emerge as an institution of excellence in Corporate research and training, especially in the area of corporate governance norms/practices and Corporate Social Responsibility (CSR).

New Delhi;
26 April, 2016
06 Vaisakha, 1938 (Saka)

Dr. M. Veerappa Moily,
Chairperson
Standing Committee on Finance

Minutes of the Thirteenth sitting of the Standing Committee on Finance

The Committee sat on Wednesday, the 30 March, 2016 from 1100 hrs. to 1500 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Dr. M. Veerappa Moily - Chairperson

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Venkatesh Babu T.G.
4. Dr. Gopalakrishnan C.
5. Shri Nishikant Dubey
6. Shri Shyama Charan Gupta
7. Shri Chandrakant B. Khaire
8. Shri Bhartruhari Mahtab
9. Shri Rayapati Sambasiva Rao
10. Prof. Saugata Roy
11. Shri Gopal Shetty
12. Shri Anil Shirole
13. Dr. Kirit Somaiya
14. Shri Shivkumar Udasi

RAJYA SABHA

15. Shri Naresh Agrawal
16. Shri K.N. Balagopal
17. Shri Satish Chandra Misra
18. Dr. Mahendra Prasad
19. Shri Ajay Sancheti
20. Shri Digvijay Singh
21. Dr. Manmohan Singh

SECRETARIAT

1. Smt. Abha Singh Yaduvanshi - Joint Secretary
2. Shri P.C. Tripathy - Director
3. Shri Ramkumar Suryanarayanan - Additional Director
4. Shri Kulmohan Singh Arora - Deputy Secretary

PART - I

(1100 hrs. to 1240 hrs.)

WITNESSES

1. XX XX XX XX
   XX

(The witnesses then withdrew).

The Committee then adjourned for lunch break.

PART-II

(1300 hrs. to 1400 hrs.)

WITNESSES

Ministry of Corporate Affairs

1. Shri Tapan Ray, Secretary
2. Shri Pritam Singh, Additional Secretary
3. Shri B.K. Bansal, DGCoA
4. Shri Manoj Kumar, Joint Secretary
5. Shri Amardeep Singh Bhatia, Joint Secretary
6. Ms. Sujata Prasad, JS & FA
7. Shri K.V.R. Murty, Joint Secretary
8. Shri A. Asholi Chalai, Joint Secretary
9. Ms. Sibani Swain, Economic Adviser
10. Shri Binod Kumar, CCA

Attached / Subordinate Offices

1. Shri Bhaskar Chatterjee, DG & CEO, IICA, New Delhi
2. Shri Nilimesh Baruah, Director, SFIO, New Delhi
3. Ms. Smita Jhingran, Secretary, CCI, New Delhi
4. Shri P.K. Malhotra, Secretary, CLB, New Delhi

2. At the outset, the Chairperson welcomed the Members and the Witnesses to the Sitting of the Committee.

3. After the customary introduction of the Witnesses and their introductory remarks, the Committee took their oral evidence in connection with the examination of Demands for Grants (2016-17) of the Ministry of Corporate Affairs. The major issues discussed during the evidence pertained to under utilisation of budgetary allocation by the Ministry, delay in implementation of remaining 187 provisions of the Companies Act (2013), increase in number of registration of the Limited Liability Partnership form of business organisations in India (LLPs), ease of doing business in India, guidelines of the Ministry regarding Corporate Social Responsibility (CSR), self financing of Indian Institute of Corporate Affairs (IICA) and inordinate delay in disposal of pending cases by Serious Fraud Investigation Office (SFIO). The Chairperson then directed the representatives of Ministry of Corporate Affairs to furnish written replies to the points raised by the Members during the discussion within 10 days to this Secretariat.

(The witnesses then withdrew).

PART-III

(1400 hrs. to 1500 hrs.)

WITNESSES

1. XX XX XX XX XX

A verbatim record of the proceedings has been kept.

The Committee then adjourned.

Minutes of the Fourteenth sitting of the Standing Committee on Finance

The Committee sat on Tuesday, the 26 April, 2016 from 1530 hrs. to 1810 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Dr. M. Veerappa Moily - Chairperson

LOK SABHA

2. Shri Venkatesh Babu T.G.
3. Shri Nishikant Dubey
4. Shri P.C. Gaddigoudar
5. Shri Shyama Charan Gupta
6. Shri Chandrakant B. Khaire
7. Shri Rattan Lal Kataria
8. Shri Bhartruhari Mahtab
9. Shri Rayapati Sambasiva Rao
10. Shri Gajendra Singh Sekhawat
11. Shri Gopal Shetty
12. Shri Anil Shirole
13. Dr. Kiritbhai Solanki
14. Dr. Kirit Somaiya
15. Shri Shivkumar Udasi

RAJYA SABHA

16. Shri Satish Chandra Misra
17. Shri Ajay Sancheti
18. Shri Digvijaya Singh
19. Dr. Manmohan Singh

SECRETARIAT

1.	Smt. Abha Singh Yaduvanshi	-	Joint Secretary
2.	Shri P.C. Tripathy	-	Director
3.	Shri Ramkumar Suryanarayanan	-	Additional Director

PART - I

(1530 hrs. to 1645 hrs.)

WITNESSES

1. XX XX XX XX XX

(The witnesses then withdrew).

PART-II
(1645 hrs. to 1700 hrs.)

The Committee then took up for consideration and adoption the following draft Reports.

(i) Draft Report on Demands for Grants (2016-17) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment).

(ii) Draft Report on Demands for Grants (2016-17) of the Ministry of Finance (Departments of Revenue)

(iii) Draft Report on Demands for Grants (2016-17) of the Ministry of Statistics and Programme Implementation.

(iv) Draft Report on Demands for Grants (2016-17) of the Ministry of Corporate Affairs.

(v) Draft Report on Demands for Grants (2016-17) of the Ministry of Planning.

The Committee adopted the above draft Reports with some minor modifications as suggested by Members. The Committee authorised the Chairperson to finalise the Reports in the light of the modifications suggested and present the same to Parliament.

The Committee then adjourned.